

FISCAL NOTE

HB 3283 - SB 3524

March 14, 2006

SUMMARY OF BILL: Authorizes the State of Tennessee to issue direct general obligation interest-bearing bonds in amounts not to exceed \$100 million. Allocates proceeds to the Tennessee Higher Education Commission for capital outlay and maintenance for institutions. Authorizes the Funding Board to issue bonds in amounts not to exceed 2.5% of the amount specified above for funding discount and costs of issuance. Requires no bonds be issued until the General Assembly has appropriated sufficient funds to pay the first year's obligation of principal and interest and the Funding Board has determined that such funds are available.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$11,275,000 – 1st Year Debt Service

\$167,075,000 Over the life of the bonds

\$102,500,000 Principal

\$64,575,000 Interest

Assumptions:

- All projects authorized by this act shall be approved by the State Building Commission.
- Bonds may be designated as college savings bonds pursuant to the Baccalaureate Education Savings for Tennessee Act.
- Cost of issuance authorized up to 2.5% of face value.
- Principal (\$100.0 million) plus cost of issuance (\$2.5 million) is \$102,500,000.
- Bonds will be issued for a period of 20 years at an interest rate of 6% and 1/20th of the principal plus interest will be paid annually.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James W. White, Executive Director